SHRI DIPEN GHOSH: By defying the Chair he has incurred... (*Interruptions*)

THE DEPUTY CHAIRMAN: Nothing will go on record on this matter. It is over.

(*Interruptions*)

SHRI PARVATHANENI UPENDRA:**

SHRI DIPEN GHOSH:**

THE DEPUTY CHAIRMAN: I told him to regret or leave the House. He left the House. It is all right. You should be happy.

(*Interruptions*)

SHRI JAGESH DESAI (Maharashtra): Madam... (*interruptions*)

THE DEPUTY CHAIRMAN: Mr. Jagesh Desai wants to say something. Let me listen to him.

SHRI JAGESH DESAI: Yesterday when I was presiding one incident took place in the House. Mr. Ram Awadhesh Singh ran from his seat in a menacing manner twice and nobody objected to it...

SHRI PARVATHANENI UPENDRA: Why did you keep quiet then?

DR. BAPU KALDATE: How can you say that? I immediately went to him and asked him to come back which he did. I saw to it that nothing happened.

SHRI PARVATHANENI UPENDRA: We ourselves dragged him backwards and you know that. Why do you report it today? We pulled him back.

SHRI M. S. GURUPADASWAMY: My motion was, suspend him for the day.

THE DEPUTY CHAIRMAN: Under Rule 255 he has withdrawn for the whole day... (**व्यवधान**)... आप मेहरबानी करके बैठ जाइये। मैं चेयर खड़ी हूँ, आपको ख्याल नहीं होता कि मैं खड़ी हूँ और आप चीख रहे हैं। (*Interruptions*) Don't argue with the Chair. आप थोड़ा सा ऐटीकेट को फॉलो कीजिये। हाउज का कोई डेकोरम है, कोई हमारी परंपरायें हैं, उनको हम किस तरह छोड़ देंगे क्या? It is for everybody. Under Rule 253 he has withdrawn for the day. Now let us go ahead with the discussion.

SHRI M. S. GURUPADASWAMY: May I make a submission? (*Interruptions*) Not on this. You had allowed me to make a submission...

डा० रत्नाकर पाण्डेय (उत्तर प्रदेश): (**व्यवधान**) विरोधी दल के नेता ने सी० बी० आई० के एक्ट को अपने दल में रखा हुआ है। इस प्रकार उन्होंने सदन में विरोधी दल का नेता होने का राइट खो दिया है।... (**व्यवधान**)...

उपसभापति: मेरी कन्सिव इस पर कोई नहीं है। आपने चेयरमैन साहब को चिट्ठी दी है वह जवाब देंगे तब होगा। अभी दूसरा काम हो रहा है।... (**व्यवधान**)

SHRI M. S. GURUPADASWAMY: This is a different matter, not the old thing.

THE DEPUTY CHAIRMAN: Yes, what is it?

SHORT DURATION DISCUSSION Paragraph 11 and 12 of the Report of the Comptroller and Auditor General of India for the year ended the 31st March, 1988 (No. 2 of 1989) —Union Government—Defence Services (Army and Ordnance Factories—Contd.

SHRI M. S. GURUPADASWAMY (Karnataka): Madam, I want to make it clear, I want to go on record, on behalf of the entire Opposition that we are not a party to the clumsy operation cover-up on the part of the Government in respect of Bofors deal and we are not a party to the attack, vile and vicious and obscene, on CAG for his report on Bofors gun deal, and we have taken this decision, we have held the view that what is required today is action and nothing but action on the part of the Government. And the only action is, after the report has been submitted by the CAG on Bofors gun deal Prime Minister Rajiv Gandhi

*Not recorded.

[Shri M. S. Gurupadaswamy]

should set up the highest standards in the country, should set up a noble example and lay down his office. He should lay down his office and seek fresh mandate from the people. And this... (*Interruptions*) And this debate is totally unnecessary. There has been enough debate for two years. What is required is action, and the only action is, Mr. Rajiv Gandhi should resign and lay down his office. And in protest, we are walking out.

[At this stage, some hon. Members left the Chamber]

ठाकुर जगतपाल सिंह (मध्य प्रदेश) : इन्हीं को पार्टी ने मोशन दिया है और अपने मोशन पर वॉक आउट कर रहे हैं ... (व्यवधान) ... इससे पता चलता है कि इनकी चाल क्या है ... (व्यवधान) असलियत को ये नहीं बताना चाहते हैं, जो असलियत है उसे पेश करने के लिए तैयार नहीं हैं ... (व्यवधान) ये पंजाब सिंह के कारण क्यों लड़ रहे हैं आ... (व्यवधान) जरा चर्चा कर लीजिए, असलियत सामने आ जायेगी ... (व्यवधान) एक जादूये अपने मोशन पर क्यों भाग रहे हैं, असलियत सुन लें ... (व्यवधान)

THE DEPUTY CHAIRMAN: Order, please. Yes, Mr. Minister.

THE MINISTER OF DEFENCE (SHRI K. C. PANT): Madam, I want to thank all the Members who have participated in this debate. This is a sad day when we see a walkout by my friends opposite at the end of a debate which they have tried to obstruct all along. It seems that their sole purpose is to see that the facts do not come to light, and in case they come to light, they are not prepared to listen to them. I feel that the friends opposite have not fully realised their responsibility in this matter. It is not only for the ruling party to run Parliament, they are equally responsible for running Parliament. And the institutions below Parliament, whether it is the Assembly or the local bodies, all of them take a cue from what happens in Parliament. Now here is an issue which is being debated in the whole country, a lot of interest has been aroused, newspapers are writing about it. People are interested in knowing what is it that the friends opposite are objecting to, what is their charge, what is the evidence, what do they have to say in this matter. And all these institutions that I mentioned are looking at us. My understanding of parliamentary democracy is that it is a forum where you debate issues, where you try to persuade, where you try to accommodate. That is the essence of democracy. We as a majority owe it to the minority to listen to them and to try to accommodate their point of view. But, Madam, can that be stretched to the point where we must have a rule by the minority in this country? The rule must be by the majority because the people have put that trust in us, the people have given us that confidence and have given us that responsibility, and we are answerable to them for it. Now, if the minority thinks that their view must prevail whether it is right or wrong, their view must prevail whether the majority accepts it or not, I think, it is going very much against the spirit of democratic functioning. And I feel sorry that this is the kind of message, the wrong message which they will go down to the other democratic institutions. The other wrong message will be that when the opposition thinks that an issue is important enough for many Members to resign from the other House—now they have to walk out in order to register some kind of a protest—then is it not important enough to be discussed in the House? If the issue is important, if it is discussed in the press, if it is discussed in public meetings, is the Parliament the only forum where it should not be discussed? This is their point of view. They may not agree with us, that is another matter. But to say that Lok Sabha and Rajya Sabha should not discuss it but everywhere else there should be discussion, is something which denigrates Parliament. And it also raises the issue as to where and how they would like any

issue to be debated in which they have taken the initiative to raise the issue. Mr. Salve was lower down in the list. Their leaders were on top of the list. He was number six in the list. They raised the issue and then finally they do not participate in the debate and they walk out. They express no confidence in the ability of Parliament to resolve such issues. What is the implication? Are such matter now to be settled in the streets? Therefore, Madam, I am saddened at the spectacle and I think my friends opposite have not really considered this issue in depth. They have not rally thought of the implication. One specious argument that is advanced is that they are disillusioned with the functioning of Parliament and, therefore, some Members prefer to walk away. Do they realise the disillusionments that the people have with them when they take such a step? Now, they say that they want to go to the people. The people will ask them, should we send to Parliament representatives who raise issues which they claim are important but then do not debate them and stay away from the debates? This is a legitimate question and there is no reason to send such Members to Parliament. If it is to be a wrestling match, it can be outside. If it is to be a debate, this is the forum, and if you absent yourself, then whom are you to blame and then what are the people to say about this? So the real question is that they are running away from their responsibilities and tomorrow when they do not win these elections then I wonder whether they will run away from the country. Because, what else will they do? It is a very strange approach that they have adopted. I can understand the friends here being put in a very unenviable position. Their colleagues in the Lok Sabha have become martyrs and by contrast they are exposed to the criticism that they are sticking on to their seats in the Rajya Sabha.

SHRI KAPIL VERMA (Uttar Pradesh): They did it earlier also. They did not resign from the party while opposing the party. (*Interruptions*). They have only repeated what they have done before.

AN HON. MEMBER: They have one leg outside and one leg inside.

SHRI K. C. PANT: Anyway, look at the uncomfortable position they are in. Their colleagues in the Lok Sabha have resigned in the service of the country, Madam, in the service of the nation. They are now supposed to serve the nation. And these Members are supposed to stay here and obstruct the proceedings of the House. This is their role. And this is the role assigned to the senior members of the opposition in the Upper House and I know many of them for many years and I wish that at least those who were retiring in 1990 may have been allowed to resign. At least some face-saving would have been given to them. But they have all to stay here. Many of them are good debaters. Many of them are eminent persons in the country. But now they have been reduced to this position. And who has reduced them to this position? It is not as if it is they themselves who have done it, and that is the tragedy of this whole situation and the way they have stayed away from the debate.

As Shri Gurupadaswamy was walking out, or just before he walked out, he said something about cover up. I would not have liked to go into the background of the Bofors issue. But he has again chosen to say something which has been debated in this House and the country now for the last two years, and during those two years, there has been no occasion where we on this side of the House have refused to debate any issue concerning Bofors. Whenever it came up, we have readily agreed to a debate because we have had nothing to hide right from the beginning. I will not go back to the question of the beginnings in April

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1987. I remember the whole thing quite distinctly. But I will refer to SNAB—Swedish National Audit Bureau—report and remind my friends opposite that it was at the instance of the Govrenment of India and under the pressure of the Government of India that the Government of Sweden agreed to set up SNAB and through that report we came to know that payments made by Bofors were not, I think, 32 million kroners—earlier the Swedish radio had said it—but 319 million kroners. It was at our instance that it came out and later on we decided immediately in fact, not later but immediately the report came, we decided that we should have a Joint Parliamentary Commiftee. The opposition had asked for it. We said we will set up Joint Parliamentary Committee. And you will recall this is the first instance that Parliament set up a Joint Parliamentary Committee to enquire into a matter—the first instance. We readily agreed to it. But what happened ultimately? The friends opposite did not associate themselves with the Committee, except for some friends; others did not; they chose to stay away, and later on the JPC and the investigative agencies succeeded in getting more information from Bofors. They got information with regard to three companies which received the payments; they got information with regard to certain names and so on, and then in this House, these same friends got up and said: Look, we have got more information, and the Government is trying a cover-up. Government gave them the information and they got up in this House and claimed that the Government is trying to cover up and that they are producing information. It is a very strange logic. I know some friends opposite went to Sweden, went to Switzerland; they tried their best but they could get nothing. All the information in regard to Bofors issue came from us. Only later, *The Hindu* published certain documents; certain things appeared in *The Hindu* Immediately the Government said, CBI will look into that. We did not take shelter behind the fact that the JPC has gone into these matters and therefore we put a lid on this. We said, no if *The Hindu* has come only with some documents which it claims are related to this, then the right thing to do would be that regardless of the fact that we have had a JPC going into the matter, the JPC had closed its investigative work and prepared a report and Parliament even considered that report, we said the CBI will nevertheless go into these *Hindu* documents. My colleague, Shri Chidambaram has gone; but you have heard him the other day, and he has given a detailed account of the work which the CBI has been doing, the investigations that it has been carrying on the difficulties it encountered and where exactly the matter stands at the moment. I have nothing much to add to that. But I would merely put on record, very briefly, the answer to the charge of cover-up which my friend made before he walked out.

Madam, the other thing he said—I am sorry, he said it—was in regard to attacks on the Comptroller and Auditor-General. Mr. Salve has made his position quite clear. I would like to say here that all of us are conscious of the high office of the Comptroller and Auditor-General. He occupies a Constitutional office. Which of us is unaware of that? We are conscious of the fact that he is a distinguished civil servant who has served the country in many capacities for many years. What is being discussed here is not the Comptroller and Auditor-General but the report of the Comptroller and Auditor General. This distinction has to be made very clear. I would like to, later on, dwell on the fact that this report has come up for discussion not at our instance. I will deal with this aspect of the matter later. I would like, now, to go into some of the

points, some of the criticisms, which are contained in the report of the Comptroller and Auditor-General. Because this matter has come up for discussion, I have no choice but to deal with those issues.

The first issue I would like to deal with is concerning the audit observations in regard to the technical aspects of the selection of the gun. Some of my friends have dealt with this issue. One is the G.S.Q.R., General Staff Qualitative Requirement. The audit has pointed out that the GSQR was not prepared in this case. It has been well known for over a year now that no GSQR was prepared. The J.P.C. has also asked this question of the Ministry. They have also enquired into it, they have gone into it and they have come to some conclusions. The explanation is simple. When, Madam, you want to design, develop and manufacture a system, you lay down certain requirements and within the country you ask the agency concerned to give you a weapon according to these requirements. But when it comes to choosing from amongst a number of weapons which are already designed, developed and manufactured, they are not going to manufacture according to your requirements. You have to choose from among them whichever suits you best. If none of them suit you and you want to develop something on your own, then GSQR is required. But if you have to choose from among them, you have to take into account their technical features, their performance and you also take into account the commercial aspect. Then you narrow down the field and the negotiation process starts and, finally, you make your choice. This is what always happens in respect of imports, there are written instructions which clearly say that no GSQR is required in the case of equipment imported. A part of these instructions have been quoted at page 53 of the report of the JPC. Therefore, Madam, the House will agree with me that this is not a valid ground for criticism.

Then, the audit has referred to the question of verification of manufacturer's claims and the need for retrials. The JPC considered this aspect also. They went into this and they accepted that such retrials would have taken several years. One important point—perhaps, the most important point—in rgeard to this matter was that the gun should be able to fire to a range of approximately 30 kms. with extended range ammunition. This was a very vital issue. In regard to this matter, if my friends remember some hon. Members—I think, those belonging to the Consultative Committee on Defence—went and witnessed the firing of the gun. They themselves saw how far it could fire. Some of them, in fact, fired the gun themselves. Amongst them was my friend Shri Jaswant Singh. He is not here today. Because he apparently has some experience of firing guns or has had in the past, he fired the gun.

THE DEPUTY CHAIRMAN: All kinds of guns.

SHRI K. C. PANT: Well guns and pistols but there are no guns in the House.

Another gentleman who was there, hon. General Aurora, also witnessed the whole thing. General Aurora and Jaswant Singhji are both knowledgeable people and General Aurora is, of course, an eminent soldier. Now, immediately after they witnessed the performance of the guns, the trials if you wish, within India, both of them were satisfied enough and I thank them for this that they told the Doordarshan that they have witnessed the performance of the gun, they are satisfied, they think that is a good gun and they also spoke in generally approving terms about the gun. I have mentioned two names. I could mention more. I have mentioned these two names because they do not belong to our party. That is number one and

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number two, because they have knowledge on the subject. Suppose I pick up two best auditors—with all respect to Shri Salve—and I take them to witness the firing of the gun, it may not be as easy for them...

SHRI JAGESH DESAI (Maharashtra): He may not know ABC of the gun.

SHRI K. C. PANT: Never be sure, he may. But all I am saying is that the opinion of a person who is a specialist in the area naturally counts more because he has dealt with this particular subject and so I referred to these two friends. I thought, last year in this House also when the debate took place we had all come to the agreement that the gun was good and the range was no longer in dispute. This was my impression and it was borne out not only through discussion in the House but when I talked to the friends outside also. I had the impression that they thought that the Bofors gun was a good one and I do not want any doubts to linger on this issue in the minds of the opposition Members. Whoever wants to go to see the gun today, I will arrange for him to see it. Even those who are no longer Members but who were Members till yesterday are welcome to see it. I do not exclude them from this offer.

Shri Jaswant Singh referred to national security in one of his interventions. I was a little surprised because, I thought as I said, he is on record as having expressed his satisfaction with regard to this gun. The quality of this gun was not in doubt and it did not come out in the debate either and so, when the JPC also concluded that the gun wholly meets the requirements of the country, I thought that this matter is settled and I still think that this matter is settled. So, I did not understand what he was hinting at. I took the trouble of getting the report on the performance of the gun. So far we had discussed GSQR etc. which related to many years past, but now the situation has changed. We have received a certain number of guns, we have deployed them, they are actually on our borders in many areas and our officers and men have gained experience of their performance. I have had occasions to go to some of the border areas and talk to them myself and the latest report on the performance of the gun that I have is the following:

Despite the fact that this is a new induction of the sophisticated gun system, the gun has been performing very well under difficult conditions of terrain and climate. The House would be happy to know that it has made an addition to our defence capabilities and has performed very well at very high altitudes. You will understand the implication, I do not have to spell it out. The Army is fully satisfied with the various parameters of performance of this gun system. This is a new input and I thought I would reassure both friends in the House and the people outside with respect to the performance of this gun and its quality.

Then there was a question raised by audit with regard to the reversal of priorities as between Sofma and Bofors in 1986. The JPC went into this matter and friends here have explained it. But for record, it becomes necessary for me to refer to it. Now Madam General Sundarji was closely examined by the JPC in respect of this reversal of priorities. He explained that there were two main considerations that guided him in this matter. One was whereas earlier they were exploring the possibility of importing a self-propelled Howitzer and that weighed in favour of the French system, later on it was decided not to import a self-propelled Howitzer. Then that made a difference.

And the second factor which is very important and which I think has been

discussed at length in the House is the induction of a sophisticated fire locating radar in the neighbourhood. Earlier, General Sundarji explained, they had expected this radar to come several years later. As it happened, it appeared several years earlier. And they had to take this into account. Once they took this into account, then two characteristics of that gun became very important. If we have a gun which is firing and the radar picks it up and the computer enables their gun to fire back on you before your shell lands, then two considerations become important. You must be able to fire very quickly—within the first fifteen seconds or so—and then your gun must move away so that by the time the shell comes back, the gun is not there. So the "shoot and scoot" phrase represents this particular characteristic of the gun. This became important and I think you will readily agree that once this became an important consideration then General Sundarji explained, this enabled Bofors to score over the French system. I think that he has not only made his point adequately but very, very persuasively. That is why the JPC has also accepted this particular consideration in his mind.

Now I do not really want to go further into the technical aspects because they have been gone into in this House and commented upon exhaustively in the House and in the JPC Report and have been in the public knowledge now for over a year. The only point which I thought deserved to be introduced at this stage was the latest information with regard to the performance of the gun which I have already placed before the House.

Now comes the question of financial evaluation. So far as financial evaluation goes, one point which was highlighted by audit was that 58 per cent of the credit accompanying the Swedish offer was repayable in Deutschmark which was an exception to the general policy. Now the Negotiating Committee itself recognised that the Deutschmark element of the credit package was a negative factor and that on the whole the French credit appeared to have an edge. This the Negotiating Committee recognised. But the clinching consideration for them was that the Bofors credit offer in the aggregate resulted in the availability of 3.1 billion Kronor for licensed production. Thus a much larger credit was available under the Swedish package than was available under the French package and the entire matter has been explained in detail in the JPC Report.

Now here in the Negotiating Committee—because the question of policy has been raised—who were there? There was the Additional Secretary of Economic Affairs. Economic Affairs deals with credit policy in the Finance Ministry. So he was fully conversant with credit policy. Then his recommendations or the recommendations of the Negotiating Committee were seen by the Finance Secretary, the next higher step for consideration of credit matters and then it was seen by the Finance Minister. So, when all these gentlemen found no deficiency, then I think the comment of departure from policy is not tenable in such a situation. So, all that I wish to emphasize is that the negative feature is not something that the Government became aware of now. They were aware of it, but they were also aware of the positive feature of the package. They took both into consideration and finally they came to a decision—that the Swedish offer was better, the package was much larger, that it should enable production in this country—and so my only comment would be that while highlighting the observation with regard to the negative aspect of the credit package if the audit had also commented and also given the other side of the picture, the right impression—a balanced impression—would have been created. In the absence of the

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positive aspect, it creates an unbalanced picture.

Now, another aspect which the audit has touched upon is that the advantage of operating the Bofors gun with a smaller crew has not been quantified—because the crew of Bofors is smaller than the crew of the French gun.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): But that was the advantage. He forgets that it was to our advantage. Instead of eight people, we employ only six people. The cumulative effect of that would be that it would be advantageous to us if we employ only six people. It is not a negative aspect.

SHRI K. C. PANT: Absolutely right; that is correct. That is why I say it is an advantage. I am not faulting the audit for pointing out that it was not quantified. I have made my position clear. I think they are entitled to say that it should have been quantified. But I will show, had it been quantified, to what extent it would have made Bofors' offer more favourable. I will show that. In the month between 10th February and 11th March, the Negotiating Committee had secured from Bofors a price reduction of around Rs. 200 crores, and the result of that was that at the time of letter of intent Bofors' offer was Rs. 98 crores cheaper than the French offer—Rs. 98 crores cheaper without taking into account the advantage of the smaller crew to which the audit has referred. And then the French, when they got to know about this, they also reduced their offer and they reduced it by about Rs. 100 crores. But there, as you know, the Bofors people offered a certain number of guns free—10 guns—and the net result was that the Bofors offer was again cheaper. Now, it would have made no difference to this fact. Had the smaller crew been taken into account, Bofors' offer would have been cheaper nevertheless. But it becomes cheaper still when you quantify the advantage. The JPC has done this exercise and they have found that the quantification for the life cycle of 1,400 guns comes to Rs. 125 crores, and pro rata, for 400 guns it comes to Rs. 36 crores. So the net result of all this is that at the time of placement of letter of intent, the difference was Rs. 134 crores in favour of Bofors and, after the final reductions had taken place, the advantage was still Rs. 45 crores if you take the guns also into account. Now I put it to the House, even if we say that technically speaking, both guns were at par, which is not a fact—the JPC has found and the Army has also said that the Bofors gun had an edge—but let us assume for a moment, that they were at par and Government had placed an order on the French system with a Rs. 45 crore amount in favour of the Bofors gun, what would the audit have said?

1.00 P.M.

So, it is very simple to look back and to see how this process took place, what kind of good work the Negotiating Committee did. I think today we would have found it very difficult to answer the audit in case at that stage we had preferred the French gun. This is the conclusion I came to after I looked into all these facts.

Another interesting point is while the Opposition has been talking of the resignation of the Prime Minister and of the Government because of the CAG report the CAG report hardly makes any refence to the Prime Minister. In fact you correct me if I am wrong, —many hon. Members have read the report—I think the only reference that they have made is a reference of appreciation and it is with regard to this precise point, because the Prime Minister also said that this advantage should have been quantified and he said that in future we should tighten up our evaluation process. And the

audit has picked up on that point. So, the only reference to the Prime Minister, in fact, is one of approval. So, I just do not understand the logic of my friends opposite or the way in which they have persisted with a line of reasoning wich when you go into this matter in depth, can be easily exposed. But today I would like to have a discussion with them. I invite them to a discussion. I challenged them to a discussion, if you remember. I never do that. That is not my language. Language of challenge is not in my language. But I challenged them on the simple fact that on the basis of the facts before us, they must be able to prove their case. And if they cannot prove their case, then they have no business to make wild allegations.

The area of prices, commercial terms and credit are the special responsibility of the Finance Ministry in any Government.

SHRI JAGESH DESAI: And two officers of the Finance Ministry—Secretary, Economic Affairs and the Finance Secretary.

SHRI K. C. PANT: Senior officers of the Finance Ministry were associated with the negotiations, as my friend is saying. Not just two, but three, if you take Internal Finance of the Defence Ministry into account. So, there were three senior finance officers and the case was submitted to the Prime Minister for his approval in the capacity as Defence Minister only after the approval of the Finance Minister. Now, the point here is three senior officers of the Finance Ministry were involved. The high ranking officer, the Secretary (Expenditure) has confirmed that the best system was purchased at the best price. I do not want to quote him. I have got the quotation but that has been given in the JPC Report. That speaks for itself. I don't think Shri V. P. Singh can escape the responsibility in this matter. The Secretary (Expenditure) has stood by the judgment. He has not gone back on his judgment. He has also stated before the JPC a fact which has become well known to the country. In the last year, it had been debated on the floor of the House that he used to inform the then Finance Minister about the various important matters and that was a regular feature in the Finance Ministry. This important matter had come up at that time. The Finance Minister specifically gave his approval to this particular transaction. As far as I know, up till now there has been no refutation about this from the then Finance Minister, Shri V. P. Singh. And he was a Member of Parliament till the other day. Again, as my friends know, I avoid anything personal. But this is not personal. He was then the Finance Minister and in the other House, in his presence, I raised this issue. I said is the Finance Minister not responsible in a transaction of this size—Rs. 1427 crores of rupees? Can the Finance Minister say that he did not apply his mind to this purchase? Can he say he did not look into the implication How can any Finance Minister say this? It is not a few rupees or a few thousand rupees or a few lakh rupees. It is 1,429 crores of rupees and which Finance Minister can say that he did not look into this matter? Similarly, I told him about the doctrine of joint responsibility. After all, that applies to all of us and I say this because these are important matters and these traditions ultimately go to shape administration in this country and these are therefore very important. They may appear to be not so important at the moment but in due course, when one is in the Government, is a party to certain decisions, then one has to have a certain amount of consistency later on. One cannot suddenly change course or find fault with what one has done yesterday in another capacity. So, there are these implications of this matter which I would like to place before the House.

[Shri K. C. Pant]

Now, Shri M. S. Gurupadaswamy, said something else before he went. He said that the CAG report has proved corruption. He said it the other day also and therefore, there can be no debate in the House, implying that the report has come to a final conclusion that it is a verdict and that there the matter ends and I think, again he said, the only thing required was action on the report. Now, there are experienced people here. All of you know that the CAG report is an unprocessed report and that all reports of the CAG are not verdict. They are reports which go to the PAC and the PAC then goes into them and even if you look at it in theory, then no action is contemplated on the CAG report because the PAC is supposed to go into the document, record of the Ministry, is supposed to take written replies to questions that is has framed, is supposed to invite the officers of the Ministry for their evidence and only after all that, does the PAC come to a conclusion and so the CAG report is not a final verdict. It is not a verdict and this is not must be made clear because Shri M. S. Gurupadaswamy, a senior Member repeated this again today.

THE DEPUTY CHAIRMAN: It is very strange that Mr. Gurupadaswamy, almost participated in the debate.

SHRI K. C. PANT: Well, he smuggled in his participation in this debate, Madam. The CAG's duty... *(Interruptions)*... Madam, he may have been a CCPA member later, but I am not very sure whether he was a CCPA member earlier in 1984.

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN IN THE MINISTRY OF ENERGY (SHRI KALPNATH RAI): Mr. V. P. Singh was a member of the Committee of Cabinet on Political Affairs when he was the Finance Minister.

SHRI K. C. PANT: As Finance Minister he was but earlier, in 1984, I am not sure whether he was a member or not.

SHRI KALPNATH RAI: He was.

SHRI K. C. PANT: All right Now, the CAG prepares these reports for all the Ministries every year and then it prepares reports for the States. In the Centre, the reports go to the Public Accounts Committee and ultimately the Public Accounts Committee reports are laid on the Table of the House and if the CAG reports errs in some respect exceeds its jurisdiction or if the Government has made some mistake, then quietly this matter is discussed and debated and ultimately the PAC comes to its conclusion. That is how we manage the CAG report and that is how the PAC is charged by the Parliament to look into them and this has been happening all along. Now, in the States also the CAG prepares reports, as all of you know. Those reports are as critical as the reports about the ruling in here because they are supposed to be critical, they are suggested to look at the blemishes. Now, I ask Mr. Gurupadaswamy. Is he prepared to accept the thesis that if the CAG is critical, then the Government should resign? How many days will any Government last them? Will the Karnataka Government last for a day? Will the Bengal Government last? Will the Andhra Pradesh Government last? I can produce any number of CAG reports in relation to all these States. Are my friends prepared to uphold the thesis that without anybody looking into these reports, without their being examined in the light of any document or evidence that the Government has, without taking all factors into account, merely on the basis of the CAG's criticisms, the Government should resign? This is a matter of basic principle and so one can easily see the politics behind this. One can easily see how important institutions are being undermined for the sake of political expe-

diency. Mark what has happened in this particular case. In this particular case, immediately after this session began and the report was laid on the Table of the House, this document, the CAG report was sought to be made an instrument for making wild allegations against the Government. It was made into a fulcrum for the efforts of the Opposition to dislodge the Government. Is this the role of the CAG report? And they ignored the normal procedures and wanted a discussion. I think Shri Atal Bihari Vajpayee was No. 1 and Shri Advani was No. 2 in the list. I would like to ask this question. Who has politicised the institution of CAG? Who has brought it into a political controversy? Today the charges are being brought about political controversy. It is they who have asked for a debate the moment it was tabled. So it is very strange that they have forgotten what they did yesterday. The other day, Mr. Jaswant Singh said that the CAG report should not be discussed in the House, it should be discussed by the PAC. I think many of you were present in the House at that time. Now, whom was he trying to persuade? He should have spoken to Shri Atal Bihari Vajpayee and Shri Advani and seen to it that they do not table the motion. I just cannot understand whom he was advising because the notice came first from them and it is only when they found that we readily responded that they began to back out or withdraw. I have a feeling that if we have said 'no', they might have still agreed to a debate. When they found that we were willing to debate, they started withdrawing because they know what this report contains. They know the contents of the report and that they cannot substantiate their charges on the basis of the report. This is well known to them and therefore, Madam, they shy away from a debate. Therefore, they walk out of the House and that is why one has to understand very clearly that the attempt to scuttle, the attempt to stay away from the debate and to use all kinds of unprecedented methods in both the Houses to see that the debate does not come up for calm consideration in the Houses, is to divert the attention of the people from the real issues involved. Because we are able to explain the whole situation, they did not want the debate to take place. They put the motion in the expectation that he would shy away from the debate and would say that it must go to to the PAC. All of us know that. They forced a debate. But then, we did not take shelter behind this. When we say, "O.K. We are prepared to debate it since you are keen on that", they withdraw from the debate. Will the people be taken in by this. That is the question I want to ask. How can anybody be taken in by this kind of a thing? So it is very clear why we are not dragging the CAG into this debate. Earlier they tried to debate another issue, the submarines issue at the same stage when the CAG gave its report and it was tabled. They again wanted a debate. That went to PAC. They were angry why did you send it to PAC, we wanted a discussion in this House. And today some of them say, why are you discussing the report. These are again matters of political expediency. The basic question is: Do we uphold our institutions for our political objectives? Do we undermine our institutions? Now Shri Gurupadaswamy comes up with a thesis in which he makes an accusation, he is the prosecutor, he is the witness and he is the judge. And then he gets angry if you do not readily say okay to everything he says and he walks out of the House. What kind of a lip service is this to our legal system and our rule of law? Similarly I find that there has been irresponsible questioning of the quality of the gun. I will not charge anybody with wanting to sow doubts in the minds of our defence forces. But intentionally or unintentionally sowing irresponsible doubts affects the morale of the soldier, affects the morale of the defence forces, affects the morale of the

[Shri K. C. Pant]

country. And when we know the facts to be otherwise to keep repeating such statements is certainly an act about which our friends opposite must do some introspection, because I do not think these things can be taken linghtly and it is for them to consider the impact of what they are doing. Now, my friends will remember some friends in the previous debate quoted the views of the Director of Weapons and Equipment in the Army as against the views of the Chief. That is never done in the Army. It is the Chief's opinion which prevails and the Chief is supposed to give his reasons. The entire Army structure is pyramidical, it is hierarchical. And you have to have a line of command and in that line of command everybody is free to express his opinion. But you pick on an opinion midway and pit it against the opion of the Chief, you cannot fight a war. You have to organise the army. The organisation of the army is quite different. And unwittingly, or, maybe, for want of knowledge, for want of understanding, my friends have been doing these things, which I request them to ponder over, because this again affects the institutions concerned. Now, they cast doubts on the negotiating committee. I have just told you who are there on the negotiating committee. They are the seniormost officers in Government —the Finance Secretary, the Defence Secretary, and...

SHRI KALPNATH RAI: V. P. Singh.

SHRI K. C. PANT: Should we cast doubts on them? What will be the impact? I am leaving the political figures out of this. I am asking what the impact on the country will be if this kind of a doubt is created. And whose purpose does it serve? As far as V. P. Singh is concerned, he is the only one who has escaped the tar of this brush. Everybody else is sought to be tarred with the same brush. So, in all seriousness, not in a lighthearted manner, I want my friends opposite to ponder over the effect of what they are doing, whether, for the sake of the political advantage of the moment which won't last very long, this kind of erosion of institutions is something that they would like and whether politicisation of the office of the Comptroller and Auditor General which is the latest in this chain will not have other deleterious effects in the future. If they want to fire their guns, let them use their own shoulders. Why do they use the shoulders of CAG for this kind of quarrel in a political debate? I have no quarrel with them if they want to contest what I say. Let them do it by all means. We are used to political debates, we are used to the cut and thrust of debates and we are accustomed to different points of view and there is nothing wrong in it. We have a multi-party system and we believe in the plurality of political parties; perfectly legitimate. But then why drag in the CAG into this? And it is quite clear, as I said earlier, that it is they who have dragged in the CAG into this controversy and they have opened a debate on the role and functions of the CAG and the status of his reports. Now, this has been dealt with in both the Houses. Many friends have spoken about this. I do not want to go into the many details. But I have to deal with this issue in passing.

The basic question is that our democracy rests on certain pillars and this democracy will survive only so long as the various institutions recognise their own roles, their own limits, their own jurisdiction and their own functions, and once they do that, they lend strength to one another. But once they start overlapping, then they weaken one another. So, it is very important that the pillars of our democracy should not act in isolation and should not weaken each other. This sometimes is forgotten and.

therefore, I have raised this general issue to which I referred earlier and I am afraid that the Opposition sometimes acts in a manner which makes these institutions act at cross purposes or at least make them appear to act at cross purposes. I do not know whose purpose it serves. Political debate, as I said, is valid. But they should not drag in these institutions into the hurly-burly of political debates. I can only request them that this trend must be arrested and this temptation to gain political advantage from this kind of a controversy must be given up by them.

What are the essential duties, the real character of Audit? All of us know this, Madam, but it is necessary to recount them briefly. It is to look into the financial transactions from the specific angles which have been precisely spelt out in the CAG Act and that Act has been quoted in this House and the other one. Audit should not encroach upon areas which are the jurisdiction of technical experts nor must Audit question the policy. Decisions on policy are the domein of the Government and the Government are answerable for the policy to the Parliament and to the people. This is very clear and I think on this there can be no confusion.

Some misconceptions have crept in about the role of the Audit. I think all of us know that the only role of the Audit is to go into the Government's financial transactions. They examine the records of those transactions and they flag what they consider to be blemishes and what they think Parliament should go into more closely. Those are the points which they flag for the benefit of Parliament. This is the role of Audit and, as I said, while it is true that the office of the Comptroller and Auditor General is one of the Constitutional offices...

SHRI N. K. P. SALVE (Maharashtra): I am sory for interrupting him, Madam. Apart from what the honourable the Defence Minister is saying, the Auditor is entitled to know whether or not the prescribed procedures have been followed; so far and no further.

SHRI K. C. PANT: Agreed. Therefore, sometimes there is a bit of an elbow room.

SHRI N. K. P. SALVE: Yes.

SHRI K. C. PANT: Agreed?

SHRI N. K. P. SALVE: Yes. But constructive approach is necessary.

SHRI K. C. PANT: Yes, constructive approach is necessary and I think one basic point also we have to keep in mind. When we are talking of independence of Audit, we are talking of the independence of Audit vis-a-vis the Executive, and....

SHRI N. K. P. SALVE: Absolutely.

SHRI K. C. PANT...we are not talking of the independence vis-a-vis the Parliament or a Parliamentary Committee.

SHRI N. K. P. SALVE: Then it will become very difficult.

SHRI K. C. PANT: Then you get into a situation which is unmanageable.

SHRI N. K. P. SALVE: It will collapse.

SHRI K. C. PANT: So, it is very important to consider this distinction. The CAG is performing duties which the Parliament has laid down. It gives its report to Parliament. In that sense it is subservient to Parliament. 'Subservient' may be the wrong word. I would use the word 'subordinate'.

[SHRI K. C. Pant]

I am making this point only because it performs an essential role, but it is a limited role. I make this point because the Audit focus is narrow. Audit does not go into the transaction as a whole Audit does not take into account what are the considerations which weighed with the Government at a particular moment in arriving at a certain decision with regard a certan transaction. All these things are not Audit's duties. Therefore Audit has not been given such expert assistance as would enable Audit to delve into questions like selection of weapons. Selection of weapon system for instance, is a highly specialised area. It is not Audit's fault that they cannot go into this area. They are not expected to, and therefore they are not given expert assistance to go into areas like this, areas like Radar, even sophisticated plant and machinery or surgical instruments and what have you—atomic energy and so many things. The simple point I am making is that Audit has certain functions and it has the wherewithal to perform those functions and where it does not have the wherewithal to perform certain functions you cannot expect Audit to perform those functions adequately. And that Parliament has deliberately laid down by a statute. So if audit were to stray into areas which are beyond its jurisdiction and substitute their judgment for the judgment of a Service Chief, for instance, and on top of that if its judgments are considered on par with the judgments of the Supreme Court, then disastrous consequences will follow.

I think it is stating the obvious that Audit is not a Supreme Court a bench of the Supreme Court Shri Gurupadaswamy talks of the final verdict. It is not expected to be a verdict. It is not a Commission of Inquiry. It is not a court of inquiry. It does not follow judicial processes and it is not expected of Audit to review the record of transactions in their entirety. So we must understand that the role of Audit is not even to comment on transactions in which they do not find blemishes. Audit will not say: you did very good work in that transaction. That is not their function. Their function is to point out blemishes, to point out faults, to point out errors, to point out shortcomings and irregularities.

SHRI JAGESH DESAI: And also to make suggestions.

SHRI K. C. PANT: And also to make suggestions. Audit flags certain points for consideration of Parliament, for consideration of Parliamentary Committee, and after examining the Ministry concerned the Parliament or its committee come to a final judgment. So the C&AG functions as an instrument of Parliament. This is the only point which I want to make.

Now, in this particular case there is a distinctive feature which we must take note of. I would be remiss if I did not take note of that. That is, in respect of Bofors transactions the Parliament set up a Joint Parliamentary Committee. As I see, it is the only case in which Parliament has set up such a committee. It went into the entire transaction at great length and it has taken into account all major issues, all the points which are now sought to be highlighted by the C&AG. These have come up before Parliament. Both the Houses have discussed them and, if I may say so, discussed them threadbare and discussed them pillorously. So there is nothing new that I can say at this stage. The C&AG report and the JPC report are both before you. You have seen both the reports. I do not want to compare them because they are two different reports for two different purposes. But if you look at the sheer size of the reports, the JPC report is a far more complete document. I think the first part of the report runs into 240 pages. Then there are hundreds of

pages of evidence, minutes of meetings, legal advice and so on. It deals with all aspects of this transaction. It goes into all the details. It records doubts. It records questions. Then it records the answers and explanations. It records the evidence. It has made its observations on that and only after that it has recorded its conclusions. That is the procedure it has followed. The CAG's report, on the other hand, records only those elements of the transaction which audit appears to find deserving of criticism and proceeds to highlight only such aspects. It makes occasional reference to what the Government have said. But basically it confines itself to those aspects. It does not deal with the entire matter and the whole report runs into 18 pages. I don't say this as a criticism, but only to underline that the role and functions of the JPC and the CAG were different. This is reflected both in the size, the depth, the manner and the functioning of the two. The report of the JPC comes to certain conclusions. The report of the CAG flages certain points. This is the essential difference between the two and this essential difference must be highlighted in the debate.

My friends opposite say that the CAG report is indicating of corruption. All of you or many of you have gone through the report and you will have noticed that there is no suggestion, far less any evidence, of corruption in that report. In fact, establishing or refuting charges of corruption is not one of the CAG's functions. In this case, this task was entrusted specifically to the JPC, which went into all these matters and all these facts with the help of investigative agencies and its word has to be final unless new revelations come to light. So, what we have to ask ourselves is: "Have new revelations come to light and does the CAG's report contain anything new on the key issues that we have discussed?"

My answer is that they have not. Parliament must, therefore, firmly reject every single criticism awarded which is contrary to a finding or to a conclusion of the JPC on the same issue which Parliament has earlier accepted. Government categorically refutes any suggestion that there were any deficiencies in the technical selection of the weapon system. On the contrary, this exercise has been competently undertaken in the best interests of the nation. Likewise, the negotiations were carried out with great skill and care and resulted in substantial savings having been achieved. In the end, the preferred weapon system was purchased at the cheapest price possible.

Madam, very briefly I will refer to two points which have not been covered by the JPC. I will refer to them briefly. There are many points I have here. But I do not want to take more time of the House. I have dealt with many other points in the other House. Here I will just pick up two points. One is that Audit has said that DRDO expressed an opinion that the evaluation trials for equipment developed by DRDO require the firing of a much larger number of rounds. DRDO means Department of Defence Research and Development Organisation. Again, what Audit seems to have overlooked is that when you develop a system in the country in the research and development stage, then you require a far larger number of rounds. When you buy something, then naturally you are buying a system which has been tried out to a certain extent. What trials are required or not required is for the experts to go into. In this particular case, all I would like to say is that the Head of the DRDO, the Scientific Adviser to the Raksha Mantri, was a member of the Negotiating Committee and could not have overlooked whatever was necessary. The second point is that after the negotiations, Audit says, no fresh approval of CCPA was obtained and no formal sanction issued. It will

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interest the House to know that the CCPA's approval was clear and unequivocal. The value was 1600 crores of rupees. Please remember the value was Rs. 1600 crores. And two years later, the contract was finalised. Two years passed and within those two years, there was price escalation. The Negotiating Committee finalised the negotiations. Despite the decline in the value of rupee, despite the escalation in costs, the final contract was finalised for an amount of Rs. 1427 crores.

AN HON. MEMBER: Rs. 200 crores less.

SHRI K. C. PANT: This is something for which we should thank the Negotiating Committee.

Madam, I now come to the end. It will be clear from the facts delineated by me that there is not an iota of substance in the statements issued on behalf of the Opposition parties either to explain their mass resignations or to explain their walk-out earlier this morning. Where is the comprehensive and severe indictment of the Bofors deal that the Opposition has been talking about? I have gone into it in some detail. The facts in the CAG Report were available last year. But as the elections were, perhaps, too distant then for our friends, they refrained from giving up seats in the Lok Sabha. I am truly amazed that even persons with long service in Parliament can bring themselves to obstruct parliamentary verdict or review of CAG's Report. Is it their contention that the elected Government in a democracy can be displaced at the mercy of a CAG Report? Such a doctrine would make a mockery of parliamentary democracy where Audit can be left to determine the fate of a duly elected Government. Where is the will of the people in all this? And where is the prime responsibility of Parliament *vis-a-vis* Executive in holding it to account? Finally, where is that portion in the CAG Report which casts any reflection whatever upon the Prime Minister? There is nothing contained in it which pertains to anything done by the Prime Minister. Prime Minister gave his approval after thorough examination at the official level by all the concerned agencies, viz. Army Headquarters, DRDO, Department of Defence Production and Supplies, and Ministry of Finance. The unanimous recommendation of all agencies was submitted to the Prime Minister through the Ministry of Finance after the same has been also examined in the Internal Finance Wing of the Ministry of Defence. It is well known that the Ministry of Finance makes a further detailed examination and submits a comprehensive Note to the Finance Minister who records his approval, not in routine but after a detailed consideration of the case. How can the Prime Minister be faulted for approving a case submitted to him as a unanimous recommendation of all the concerned agencies of the Government and bearing the approval also of the Finance Minister? It is also to be noted that the final proposal was lower in costs than what was earlier approved by the CCPA, to which I just referred. It is amazing how any reasonable person can find anything in the CAG report which can be construed as even remotely critical of any action taken at the Prime Minister's level. It is this very absurdity of the allegation, not backed by even a shred of evidence, which exposes the hollowness of the stance adopted by the Members of the Opposition parties. It is evident that Members of Opposition parties knew that this fact would come out on a discussion of the Report and, therefore, they did their best to first scuttle the debate and knowing that they would ultimately fail in this endeavour, took refuge in flight. Thank you, Madam.

SHRI JAGESH DESAI: Madam, I want to seek one clarification whether

the CAG is competent on the quality of gun. As far as the Committee of Parliament is concerned, if we have any doubts, to clear the doubts and also to get information, we go on spot-inspection. So, I would like to know whether the CAG or his officer who was in charge of audit, had desried to see the demonstration of the guns before they came to this conclusion.

SHRI K. C. PANT: Not that I know of.

THE DEPUTY CHAIRMAN: The House is adjourned till 2.40 p.m.

The House then adjourned for lunch at fortyone minutes past one of the clock.

The House reassembled after lunch at Forty-two minutes past two of the clock.

[The Vice-Chairman (Shri Jagesh Desai) in the Chair.]

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Special mentions.

SPECIAL MENTIONS

Need to lay a coastal road from Tada in Nellore district to Itchapuram in Srikakulam district in Andhra Pradesh

DR. NARREDDY THULASI REDDY (Andhra Pradesh): Respected Vice-Chairman, Sir, my special mention is regarding laying of a coastal road from Tada in Nellore District to Itchapuram in Srikakulam District along the East Coast in Andhra Pradesh.

The matter had been placed before the South Zonal Council held at Hyderabad on 17-21-1982. After detailed discussion the Standing Committee of the Southern Zonal Council recommended setting up of a study group comprising of P.W.D. Chief Engineers of Andhra Pradesh and Tamil Nadu and the Chief Eingineer of the Ministry of Surface Transport as a convenor to consider this proposal. The Study Group of the above Committee met on 11th and 12th of June, 1984 at Hyderabad and felt that the project could be divided into three sections for developing purposes as follows:

(1) Tada to Ongole

(2) Ongole to Kakinada

(3) Kakinada to Itchapuram.

The Committee felt that since the National Highway No. 5 is already in existence comparatively in close proximity and parallel to the suggested coastal road in the regions covered by (1) and (3) above, the development of the proposed road in these two regions could perhaps be taken up at a later date, after priority (2) section between Ongole and Kakinada is developed.

Sir, this is estimated to cost about Rs. 175 crores covering roads and bridges. The length is about 352 kilometres.

In view of the recommendation of Southern Zonal Council as explained above, the Chief Minister of Andhra Pradesh, Shri N. T. Rama Rao has requested the Union Minister of State for Shipping and Transport, New Delhi on 12-5-1985 and again on 6-10-1988 to accept the said project. But the Minister of State for Surface Transport, New Delhi has expressed his inability in the matter.

Sir, nowadays, it has become a regular feature for the Union Government to say 'No' very easily or express inability for any project or proposal or scheme that comes from Andhra Pradesh. It clearl indicates the discrimination shown by the Union Government towards non-Congress-I ruled Stater. It will affect the federal structre of the country. Therefore, I would request the hon. Minister, through you, that he should at least sanction the construction of this road now and prove that the Government is impartial whether it is a Congress (I) Government or a non-Congress (I) Government.